



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

June 07, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

59 JUNE 7, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**ISSUANCE AND SALE OF LOS ANGELES UNIFIED SCHOOL DISTRICT 2011-12 TAX AND
REVENUE ANTICIPATION NOTES (ALL DISTRICTS) (3 VOTES)**

SUBJECT

The governing board of the Los Angeles Unified School District (the "District") has requested that the County issue Tax and Revenue Anticipation Notes (TRANs) on its behalf in an aggregate principal amount not to exceed \$1,400,000,000. Pursuant to Article 7.6 and commencing with Section 53850 of the Government Code, school districts organized and existing under the laws of the State of California are authorized to borrow money through the issuance of short-term notes. Repayment of the notes will be from the general revenues of the District.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the resolution authorizing the issuance and sale of the Los Angeles Unified School District 2011-12 Tax and Revenue Anticipation Notes (the "Notes") in an aggregate principal amount not to exceed \$1,400,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The governing board of the District adopted a resolution on May 24, 2011 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed \$1,400,000,000 to be used for authorized purposes.

Pursuant to Section 53850 et seq. of the California Government Code, the Board of Supervisors is responsible for offering the District's Notes for sale. The Notes are to be issued in the name of and

on behalf of the District by the County following receipt of the District's resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal 1: Organizational Effectiveness through collaborative actions between the County and other local jurisdictions to provide sufficient financial resources to meet the Fiscal Year 2011-12 cash flow requirements of the District.

FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

TRANS are short-term debt instruments that provide borrowers with the ability to finance their operating cash flow deficits during a given fiscal year. The Notes may be issued in one or more series in any combination of tax-exempt and/or taxable securities. The tax-exempt Notes would be issued at a true interest cost not to exceed 6% and mature no later than thirteen months from the date of issuance. The taxable Notes would be issued at a true interest cost not to exceed 10% and mature no later than fifteen months from the date of issuance. Principal and interest payments on the Notes shall be payable from taxes, income, revenue, cash receipts and other funds received by the District during or attributable to Fiscal Year 2011-12.

The District has selected Citigroup Global Markets Inc. as the lead underwriter, the firms of KNN and Tamalpais Advisors Inc. as co-financial advisors, and Hawkins Delafield & Wood LLP as bond counsel for the Notes. The resolution provides the District with an option to undertake either a private placement or a negotiated sale of the Notes. The structure of the Notes will be determined at the time of pricing to achieve the lowest cost of financing for the District.

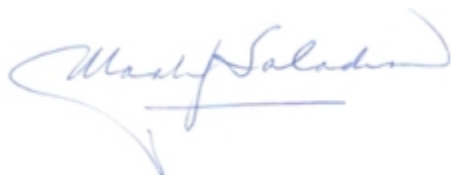
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

A handwritten signature in blue ink, reading "Mark J. Saladino". The signature is fluid and cursive, with a horizontal line drawn underneath the name.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB:JP:JW

Enclosures

c: Chief Executive Officer
Auditor-Controller
County Counsel
Los Angeles Unified School District
Los Angeles County Office of Education
KNN
Tamalpais Advisors, Inc.
Hawkins Delafield & Wood LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES PROVIDING FOR THE ISSUANCE AND SALE OF LOS ANGELES UNIFIED SCHOOL DISTRICT 2011-2012 TAX AND REVENUE ANTICIPATION NOTES, IN ONE OR MORE SERIES AND AT ONE OR MORE TIMES, ALL AS PROVIDED HEREIN IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,400,000,000

WHEREAS, school districts organized and existing under the laws of the State of California (the “State”) are authorized by Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code of the State (commencing with Section 53850) (the “Act”) to borrow money by the issuance of short-term notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys; and

WHEREAS, pursuant to the Act, such notes shall be issued in the name and on behalf of such school district by the board of supervisors of the county, the county superintendant of which has jurisdiction over such school district, as soon as possible following receipt of a resolution of the governing board of such school district requesting such borrowing; and

WHEREAS, the Los Angeles Unified School District (the “District”), acting through its Board of Education, being the governing board of the District, has adopted its resolution finding and determining that the District needs to borrow funds in the amount of not to exceed \$1,400,000,000 for Fiscal Year 2011-2012 for authorized purposes of the District (the “District Resolution”), and such resolution requests that the Board of Supervisors of the County of Los Angeles (the “County Board”) to issue, on behalf and in the name of the District, not to exceed \$1,400,000,000 Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes (including “Additional Notes” and “Refunding Notes” each as hereinafter defined, the “Notes”), in one or more series and at one or more times, on a federally taxable basis (the “Taxable Notes”) and tax-exempt basis (the “Tax-Exempt Notes”) at a true interest cost not to exceed 10.00% for any Taxable Notes or a true interest cost not to exceed 6.00% for any Tax-Exempt Notes pursuant to said Act for any purposes for which the District is authorized to expend moneys; and

WHEREAS, pursuant to Section 53856 of the Act, certain revenues that will be received by the District during Fiscal Year 2011-2012 or accrued to the District during Fiscal Year 2011-2012 may be pledged for the payment of said notes and the interest thereon as hereinafter provided;

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles hereby finds, determines, declares and resolves as follows:

Section 1. County Board Recitals. All of the recitals herein set forth are true and correct, and the County Board so finds and determines.

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section 2 shall, for all purposes of this County Resolution, as it now exists and as it may be from time to time amended or supplemented, have the meanings herein specified, as follows:

“Additional Notes” means any Notes issued pursuant to the District Resolution and this County Resolution subsequent to the date of the first series of Notes.

“Authenticating Agent” means the Paying Agent.

“Business Day” means a day on which banks in the States of California and New York are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

“CFO” shall mean the Chief Financial Officer of the District or her designee.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Controller” shall mean the Controller of the District or his designee.

“County Counsel” means County Counsel of the County.

“County Resolution” means this Resolution of the County Board providing for the issuance and sale of the Notes.

“County” means the County of Los Angeles, California.

“District Board” means the Board of Education of the District.

“District Resolution” means the resolution of the District Board attached hereto as Exhibit A requesting that the County Board authorize the issuance of the Notes.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Fiscal Agent” means the Paying Agent.

“General Fund Revenues” means taxes, income, revenue, cash receipts, and other moneys of the District as provided in Section 53856 of the Act which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

“Interest Rate” means a single or multiple rates of interest as set forth in the Negotiated Note Purchase Agreement or Private Placement Note Purchase Agreement, as applicable.

“Nominee” means Cede & Co., the nominee of DTC, or such other nominee as DTC may request.

“Note” or “Notes” means all of the Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes issued pursuant to this County Resolution.

“Outstanding” when used as of any particular time with reference to Notes, means all Notes being or having been issued pursuant to this County Resolution except (1) Notes theretofore cancelled or surrendered for cancellation; (2) Notes with respect to which all liability

of the District shall have been discharged in accordance with Section 3.5 hereof; and (3) Notes in substitution for which other Notes shall have been authenticated and delivered pursuant to this County Resolution.

“Paying Agent” means the Treasurer and Tax Collector of the County acting as Paying Agent, Fiscal Agent and Authenticating Agent hereunder, and having its principal office in Los Angeles, California.

“Repayment Account” means the Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Note Repayment Account established pursuant to Section 8 hereof.

“Treasurer” means the Treasurer and Tax Collector of the County.

Section 3. Terms of the Notes.

3.1 Authorization of Issuance. Solely for the purpose of anticipating General Fund Revenues during Fiscal Year 2011-2012 or accrued to the District and provided for or attributable to Fiscal Year 2011-2012, and not pursuant to any common plan of financing, the County hereby authorizes, subject to the District’s compliance with Section 14 hereof, the issuance in the name and on behalf of the District of Notes in an aggregate principal amount not to exceed \$1,400,000,000 (the “Authorized Amount”) in one or more series and at one or more times under Sections 53850 et seq. of the Act. The Tax-Exempt Notes shall mature not later than 13 months (or 390 days computed on a 30 day month/360 day year basis) from said date of delivery and the Taxable Notes shall mature not later than 15 months (or 400 days as computed on a 30 day month/360 day year basis) from said date of delivery, or if such date is not a Business Day, on the last Business Day prior to such date. The Notes shall be issued as Taxable Notes or Tax-Exempt Notes. The Notes shall be designated “Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes” (with such additional or other series designations as may be authorized herein).

Additional Notes, except Refunding Notes, may be issued only if (1) such Notes are payable subsequent to the payment of the first Series of Notes and each other Series of Notes theretofore issued and outstanding or (2)(i) no Notes previously issued under this County Resolution are then outstanding or (ii) there is on deposit in the Repayment Account (hereinafter defined) with respect to each Series of Notes then-outstanding an amount equal to or greater than the sum of (A) the then unpaid principal amount of each such Series of the Notes, and (B) any then unpaid interest due or to become due on each such Series of the Notes.

Notwithstanding the provisions set forth in the preceding paragraph and without regard to the maximum principal amount authorized under Section 3.1 hereof, one or more Series of Notes (“Refunding Notes”) may be issued at one or more times in accordance with the provisions of the District Resolution and this County Resolution to refund, in whole or in part, and pay not later than thirty-five (35) days following the date of delivery of the applicable Refunding Notes, one or more Series of Notes then outstanding, and to pay costs incurred by the District in connection with the authorization, sale and issuance of said Refunding Notes.

The maximum aggregate principal amount of Notes authorized to be issued under this County Resolution, when added to the interest payable thereon, shall not exceed eighty-five

percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from the State and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act. In connection with the issuance of Additional Notes, if any, the CFO or the Controller shall have determined that the issuance of such Series of Additional Notes, including Refunding Notes, complies with the foregoing requirement.

3.2 Denominations, Maturity and Payment. The Notes shall be issuable in the denominations of \$5,000 and any integral multiples thereof. Each series of the Notes shall be dated the date of issuance, but in no case prior to July 1, 2011 and not later than June 29, 2012, and shall bear interest in accordance with Section 3.3 hereof, all as set forth in the Negotiated Note Purchase Agreement or Private Placement Note Purchase Agreement, as applicable,. The Notes may be issued in one or more series and at one or more times as determined by the CFO or the Controller in an aggregate amount not to exceed the Authorized Amount. Principal of and interest on the Notes shall be paid at the principal office of the Paying Agent.

3.3 Interest Rate. Each series of the Notes shall bear interest at the Interest Rate of such Series of the Notes from the initial date of such Series of the Notes to the maturity date of such Series of the Notes and shall be payable on the maturity date of such Series of the Notes or, in the case of a term to maturity greater than one year, shall be payable (1) on a date no later than one year from the date of issuance of such Series of the Notes and (2) on the maturity date of such Series of the Notes. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

NOTWITHSTANDING THE FOREGOING, THE TRUE INTEREST COST WITH RESPECT TO EACH SERIES OF THE TAX-EXEMPT NOTES SHALL NOT EXCEED 6.00%. NOTWITHSTANDING THE FOREGOING, THE TRUE INTEREST COST WITH RESPECT TO EACH SERIES OF THE TAXABLE NOTES SHALL NOT EXCEED 10.00%.

3.4 (a) Mutilated, Lost, Destroyed or Stolen Notes. If any Note shall become mutilated, the County, at the expense of the owner of said Note, shall execute, and the Authenticating Agent shall authenticate and deliver, a new Note of like tenor and number in exchange and substitution for the mutilated Note, but only upon surrender to the Authenticating Agent of such mutilated Note. Every mutilated Note so surrendered to the Authenticating Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County, the District and the Authenticating Agent and, if such evidence be satisfactory to each and an indemnity satisfactory to them shall be given, the County, at the expense of the owner, shall execute, and the Authenticating Agent shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Authenticating Agent may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the District, the County and the Authenticating Agent in the process. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Note so alleged to be lost, destroyed or

stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this County Resolution with all other Notes secured by this County Resolution.

(b) Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 3.4(d) hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Authenticating Agent.

Whenever any Note shall be surrendered for transfer, the County shall execute and the Authenticating Agent shall authenticate and deliver a new Note. The Authenticating Agent shall require the owner of the Note requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and may in addition require the payment of a reasonable sum to cover expenses incurred by the County or the Authenticating Agent in connection with such transfer.

(c) Exchange of Notes. Notes may be exchanged at the office of the Authenticating Agent for a like aggregate principal amount of Notes or other authorized denominations of the same maturity and interest rate. The Authenticating Agent shall require the person requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange, and may in addition require the payment of a reasonable sum to cover expenses incurred by the County or the Authenticating Agent in connection with such exchange.

(d) Register. The Authenticating Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by any owner of any Note; and, upon presentation for such purpose, the Authenticating Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

3.5 Ownership, Cancellation of Notes. The District, the County, the Paying Agent and the Authenticating Agent may rely on the address of the owner of the Note as it appears in the register for any and all purposes. It shall be the duty of the owner of the Note to give written notice to the Authenticating Agent of any change in such address.

The District, the County, the Paying Agent and the Authenticating Agent may treat the person in whose name any Note shall be registered as the absolute owner of such Note, and payment of the principal of and interest on any such Note shall be made only to or upon the order of the registered owner thereof or its legal representative; provided, however, if interest is payable prior to the maturity date, such interest on such Note shall be payable to the person in whose name the Note is registered on the 15th day of the calendar month preceding the month in which such interest is due by wire or check mailed to such registered owner.

All Notes surrendered for payment shall be delivered to the Paying Agent and upon payment shall be promptly cancelled by it. The District may at any time deliver to the Paying Agent for cancellation any Notes previously authenticated and delivered hereunder that the District may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for

any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Paying Agent shall be disposed of in any manner determined by the Paying Agent.

Section 4. Book-Entry System.

4.1 General. Notwithstanding anything in this County Resolution or any supplemental resolution to the contrary, the Notes shall be initially issued in the form of separate fully registered Notes. Except as otherwise provided in Sections 4.1 or 4.5 hereof, all Notes issued in book-entry form shall be registered in the name of the Nominee. With respect to the Notes registered in the name of the Nominee, the County and the Paying Agent shall have no responsibility or obligation to any participant or to any person on behalf of which such a participant holds an interest in the Notes. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, or any participant with respect to any ownership interest in the Notes, (ii) the delivery to any participant or any other person, other than a holder as shown in the registration books of the Authenticating Agent, of any notice with respect to the Notes, or (iii) the payment to any participant or any other person, other than a holder as shown in the registration books of the Authenticating Agent, of any amount with respect to principal of or interest on the Notes. The County and the Paying Agent may treat and consider the person in whose name the Notes are registered in the registration books of the Authenticating Agent as the holder and absolute owner of such Notes for the purpose of payment of principal of, premium, if any, and interest on such Note, for the purpose of giving notices and other matters with respect to such Notes, and for all other purposes whatsoever.

The Paying Agent shall pay all principal of and interest on the Notes only to or upon the order of the respective holders, as shown in the registration books of the Authenticating Agent or their respective attorneys, duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal of, premium, if any, and interest on the Notes to the extent of the sum or sums so paid. No person other than a holder, as shown in the registration books of the Authenticating Agent, shall receive a Note evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this County Resolution and any supplemental resolution.

4.2 Transfers Outside Book-Entry System. In the event (i) DTC determines not to continue to act as securities depository for the Notes, or (ii) the Treasurer determines that DTC shall no longer so act and delivers a written certificate to DTC to that effect, then the Treasurer will discontinue use of the book-entry system with DTC. If the Treasurer determines to replace DTC with another qualified securities depository, the Treasurer shall prepare or direct the preparation of new, separate, fully registered Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the County and DTC as are not inconsistent with the terms of this County Resolution or any supplemental resolution. If the Treasurer fails to identify another qualified securities depository to replace DTC, then the Notes shall no longer be restricted to being registered in the registration books of the Authenticating Agent in the name of the Nominee, but shall be registered in whatever name or names holders of notes transferring or exchanging Notes shall designate in accordance with this County Resolution.

4.3 Payments and Notices to the Nominee. Notwithstanding any other provision of this County Resolution or any supplemental resolution to the contrary, so long as the Notes are registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Notes and all notices with respect to such Notes shall be made and given, respectively, as instructed by DTC.

4.4 Initial Depository and Nominee. The initial securities depository under this County Resolution shall be DTC, except as provided in Section 4.5 hereof. The initial Nominee shall be Cede & Co., as Nominee of DTC, except as provided in Section 4.4 hereof.

4.5 Private Placement Sale. The provisions of Sections 4.2, 4.3 and 4.4 shall not be applicable to Notes that are sold pursuant to a private placement sale in the event that the Private Placement Note Purchase Agreement applicable to such Notes does not provide for DTC to be depository for such Notes.

Section 5. Form of Notes. The Notes shall be issued only in fully registered form, substantially in the form and substance set forth in Exhibit A to the District Resolution and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures.

Section 6. Use of Proceeds. Proceeds of the Notes will be deposited either in the General Fund of the District or if the District has elected that the Note proceeds be invested pursuant to Section 9 hereof, such moneys shall be held by the Fiscal Agent and invested by the Fiscal Agent as requested by the District. Said moneys shall be used and expended by the District for any purpose for which it is authorized to expend moneys from the General Fund of the District or, in the case of Refunding Notes, to pay the debt service on Notes to be refunded and costs incurred by the District in connection with the authorization, sale and issuance of such Refunding Notes. The County shall have no responsibility for assuring the proper use of Note proceeds by the District.

Section 7. Repayment Pledge. The aggregate principal amount of the Notes, together with the interest thereon, shall be payable from General Fund Revenues that are received by the District during Fiscal Year 2011-2012 or accrued to or held by the District and provided for and attributable to Fiscal Year 2011-2012 and which are lawfully available therefor, including, but not limited to, fiscal aid provided by the State and federal governments and proceeds of Refunding Notes.

As security for the payment of the principal of and interest on the Notes, the District shall set aside and deposit or cause to be set aside and deposited an aggregate amount equal to the principal amount of the Notes from General Fund Revenues on dates determined by the CFO, or the Controller. Subject to the limitations set forth in section 4(A) of the District Resolution, the District shall pledge such amounts, plus an amount sufficient to pay any remaining interest on the Notes and any deficiency in the amount that was required to be deposited during any prior month, from General Fund Revenues received by the District in one or more months ending prior to the maturity date of the Notes (such pledged amounts being hereinafter called the "Pledged Revenues"). The dates (each a "Pledge Date") and amounts required for deposit, on each Pledge Date, shall be as determined by the CFO or the Controller, and shall be as set forth in the

Negotiated Note Purchase Agreement or Private Placement Note Purchase Agreement, as applicable. In the event the County issues, on behalf of the District, two or more Series of the Notes with the same Pledge Date and the same date of maturity, each such Series shall contain a designation as to its priority in the set aside on such Pledge Date and payment on such maturity date, as applicable.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient General Fund Revenues received by the District to permit the deposit into the Repayment Account (as hereinafter defined) of the full amount of Pledged Revenues to be deposited from General Fund Revenues in any of the months specified as hereinabove provided, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon in accordance with Section 53857 of the California Government Code.

Section 8. Establishment of Repayment Account. The Pledged Revenues in an amount as set forth in the Negotiated Note Purchase Agreement or Private Placement Note Purchase Agreement, as applicable and not less than the amount required to be deposited in the Repayment Account on such Pledge Date shall be deposited by the Treasurer, on behalf of the District, with, and held in trust by, the Fiscal Agent, as hereinafter appointed, in a special account for each series of Notes, designated as the “Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes, Repayment Account” for the Notes (collectively, the “Repayment Account”), and shall be applied as directed in this County Resolution. Any moneys placed in the Repayment Account shall be for the benefit of the holders of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at the respective maturity date for each Series of Notes, together with interest to such maturity date, the moneys in the Repayment Account shall be applied only for the purposes for which the Repayment Account is created.

The Pledged Revenues are required to be deposited in the Repayment Account in the amounts indicated in Section 7 on each Pledge Date. In the event that there have been insufficient General Fund Revenues received by the Treasurer on behalf of the District, by the third Business Day prior to any Pledge Date, to permit the deposit into the Repayment Account of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Notes and the interest thereon, when and as such other moneys lawfully available for payment of the principal of and interest on the Notes are received by the Treasurer, on behalf of the District, or directly by the District. Moneys in the Repayment Account shall be used to pay the principal of and interest on a Series of Notes, in full when due in the order of their maturity. In the event the County issues, on behalf of the District, two or more Series of the Notes with the same Pledge Date and the same date of maturity, each such Series shall contain a designation as to its priority in the set aside on such Pledge Date and payment on such maturity date, as applicable. Any balance in the Repayment Account on the day after the final maturity date of the

Notes (including Refunding Notes) in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the District's General Fund.

Section 9. Investment of Note Proceeds and Repayment Account. Note proceeds may be held by the Fiscal Agent and invested by the Fiscal Agent at the request of the District in one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract, as of the date of execution and delivery of such agreement or contract, shall be at least "AA-" by Standard & Poor's Ratings Services, A Division of the McGraw-Hill Companies ("S&P") and "Aa2" by Moody's Investors Service ("Moody's"). Absent such request, Note proceeds will be deposited in the General Fund of the District pursuant to Section 6 hereof. The District shall not invest or cause to be invested any proceeds of the Notes or moneys deposited in the Repayment Account unless such investments shall mature or be redeemable in order to provide for timely payment of principal of and interest on the Notes when due.

Balances in the Repayment Account shall be invested as permitted by Section 53601 of the California Government Code or as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601.1 of the California Government Code; provided that any such investment shall only be made (1) in direct obligations of the United States of America, including United States Treasury notes, bonds and bills, (2) in obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (3) in obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (4) in the Los Angeles County Treasurer's Pool or (5) in one or more investment agreements and/or guaranteed investment contracts provided, however, that the long-term ratings of the provider of such agreement or contract shall be at least "AA-" by S&P and "Aa2" by Moody's. The District shall not invest any proceeds of the Notes or moneys deposited in the Repayment Account unless such investments shall mature or be redeemable in order to provide for timely payment of principal of and interest on the Notes when due.

The proceeds of investments of moneys held and invested by the Fiscal Agent pursuant hereto shall be retained or accounted for by the Fiscal Agent until the principal of all of the Notes (including Refunding Notes) and the unpaid interest thereon shall have been fully paid or until provision shall have been made for such payment, at which time any excess amount shall be transferred to the General Fund of the District.

Section 10. Fiscal Agent. The Paying Agent is hereby appointed Fiscal Agent for the Notes. Funds held by the Fiscal Agent pursuant hereto shall be held and invested as herein provided. This appointment shall not preclude the Treasurer from removing the Fiscal Agent and appointing one or more successors thereto, all without notice to or the consent of the holder of any Note. Any such successor fiscal agent shall be acceptable to the District.

Section 11. Sale of the Notes. The Notes shall be sold (i) by a negotiated sale pursuant to the negotiated Note Purchase Agreement (the "Negotiated Note Purchase Agreement"), if determined by the CFO or the Controller in consultation with the Treasurer, to be in the best interest of the District, or (ii) by a private placement sale pursuant to the private

placement Note Purchase Agreement (the “Private Placement Note Purchase Agreement”), if determined by the CFO or the Controller to be in the best interest of the District.

In the event the CFO or the Controller determine that a negotiated sale of the Notes is in the best interest of the District, the Treasurer is hereby authorized and directed on behalf of the County to execute the Negotiated Note Purchase Agreement in the form set forth in Exhibit B hereof, with such changes as the Treasurer shall deem necessary or desirable to implement the negotiated sale of the Notes consistent with the terms of this County Resolution. Such execution shall constitute conclusive evidence of the approval by the County of the Negotiated Note Purchase Agreement in the form finally executed.

In the event that the CFO or the Controller determine that a private placement sale of the Notes is in the best interest of the District, the Treasurer is hereby authorized and directed on behalf of the County to execute the Private Placement Note Purchase Agreement in the form of the Negotiated Note Purchase Agreement, with such modifications as the Treasurer shall deem appropriate to reflect the form of sale as a private placement and such other changes as the Treasurer shall deem necessary or desirable to implement the private placement sale of the Notes consistent with the terms of this County Resolution. Such execution shall constitute conclusive evidence of the approval by the County of the Private Placement Note Purchase Agreement in the form finally executed.

Section 12. Execution of the Notes. The Mayor of the County Board, the Executive Officer-Clerk of the County Board and the Treasurer are hereby authorized and directed to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby authorized to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate. The Notes shall not be valid, unless and until the Authenticating Agent shall have manually authenticated such Notes.

Section 13. Validity of Proceedings. It is hereby covenanted and warranted by the County that the County, and its respective appropriate officials, have duly taken all actions necessary to be taken by them, and will take any actions required by law to be taken by them, for the levy, collection and enforcement of the taxes pledged hereunder in accordance with law and for carrying out the provisions of this County Resolution.

Section 14. Tax Covenants. The District has covenanted in the District Resolution that it will make no use of the proceeds of the Tax-Exempt Notes or any other amounts that would cause the Tax-Exempt Notes to be “arbitrage bonds” under Section 148 of the Code; and, to that end, so long as any of the Tax-Exempt Notes are outstanding, the District and all of its officers having custody or control of such proceeds have agreed in the District Resolution to comply with all requirements of said Section 148 and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Tax-Exempt Notes and certain other amounts and the rebate of a portion of the investment earnings on certain amounts, including proceeds of the Tax-Exempt Notes, if required, to the federal government. The District has further covenanted in the District Resolution to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the covenants contained

in the District Resolution and referenced in this Section 14, the District has agreed to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of each series of Tax-Exempt Notes (each, a “Tax Certificate”). The Paying Agent, by acceptance of its duties hereunder, agrees to cooperate with the District in order to comply with each Tax Certificate in such manner as shall be mutually agreed by the Paying Agent and the District. The District has covenanted in the District Resolution that it will take no action that would cause the interest on the Tax-Exempt Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes.

Section 15. Effectiveness. This County Resolution shall become effective upon its adoption by the County Board of Supervisors.

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The foregoing resolution was on the 7th day of June, 2011, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer-Clerk of the Board of Supervisors

By Sachelle Amitherman
Deputy

Approved as to form:

ANDREA SHERIDAN ORDIN
County Counsel

By Amn D. P. K.
Principal Deputy County Counsel



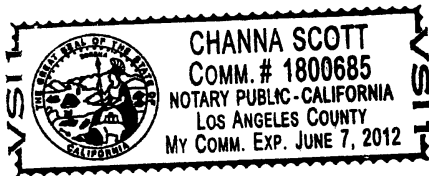
EXHIBIT A
DISTRICT RESOLUTION

COPY CERTIFICATION BY DOCUMENT CUSTODIAN


State of California
County of Los Angeles } ss.

I, Jefferson Crain, hereby declare that the attached reproduction of Board of Education
Report No. 315 – 10/11, Tax and Revenue Anticipation Notes (TRANS) to Finance Cash Flow Deficits


is a true, correct and complete photocopy of a document in my possession or control.



(seal)


Signature of Affiant

Subscribed and sworn to (or affirmed) before me
on this 24th day of May, 2011, by
Jefferson Crain, proved
to me on the basis of satisfactory evidence to be
the person who appeared before me.


Signature of Notary

----- OPTIONAL INFORMATION -----

Date of Document May 24, 2011

Type or Title of Document Board of Education Report No. 315 – 10/11,
TRANS to Finance Cash Flow Deficits

Number of Pages in Document 14

Document in a Foreign Language _____

Type of Satisfactory Evidence:

- ☐ Personally Known with Paper Identification
☒ Paper Identification
☐ Credible Witness(es)

Capacity of Signer:

- ☐ Trustee
☐ Power of Attorney
☐ CEO / CFO / COO
☐ President / Vice-President / Secretary / Treasurer
☒ Other: Executive Officer of the Board

Other Information: Certified 4 Copies

Thumbprint of Signer

☐ Check here if no
thumbprint or fingerprint
is available.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

Report Number:	315-10/11
Date:	May 24, 2011
Subject:	Tax and Revenue Anticipation Notes (TRANs) to Finance Cash Flow Deficits
Responsible Staff:	
Name	Timothy S. Rosnick
Office/Division	Controller
Telephone No.	(213) 241-7889

BOARD REPORT

Action Proposed: The Board is requested to (1) approve the attached resolution (Attachment A) authorizing the preparation and sale of not to exceed \$1.4 billion of 2011-2012 Tax and Revenue Anticipation Notes, (the "TRANs") in one or more series to fund temporary cash flow deficits in the General Fund and costs of issuance and direct certain actions in connection therewith, (2) approve the form of the Preliminary Official Statement and other legal documents for the transaction, (3) authorize the sale of the TRANs by negotiation with a team of underwriters from the District's underwriting pool or by private placement, (4) direct the Chief Financial Officer and other Officers of the District to assemble the financing team for the upcoming transaction to be comprised of Tamalpais Advisors, Inc. – KNN Public Finance, Financial Advisor; Hawkins, Delafield & Wood LLP, as Bond and Tax Counsel; Sidley Austin LLP, as Disclosure Counsel; the County Treasurer-Tax Collector as Fiscal and Paying Agent; and [Citigroup, Piper Jaffray, E.J. De La Rosa, Wedbush and Rice Financial, as Underwriters, and (5) authorize the Budget Services and Financial Planning Division to make the necessary budget adjustments to reflect the anticipated TRANs receipts.

Background: Like many public agencies throughout California, LAUSD experiences temporary cash flow deficits during the fiscal year. The biggest single factor is the State's deferral of a portion of the regular July, August and October apportionments to later months; these intra-fiscal year deferrals are in addition to cross fiscal year deferrals that will defer about 35% of the District's Fiscal Year 2011-12 State apportionment into Fiscal Year 2012-13 and possibly create a cash flow deficit in June 2012 that will need to be financed. Another factor is that the District receives about 14% of its revenue from property taxes but said taxes are collected and made available primarily in December and April of each fiscal year. These factors cause temporary cash flow deficits until the apportionments and



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

property taxes are received.

There are four cash management tools that could be used to address the temporary deficits: 1) internal borrowing from other District funds; 2) a line of credit with a commercial bank; 3) interfund borrowing from LACOE; and 4) issuance of a TRANs. The District has found TRANs to be the most cost-effective approach. Please see Issues and Analysis Section for more details regarding these options.

The Chief Financial Officer has also prepared an Informative under separate cover, dated as of May 9, 2011, that provides background on TRANs as well as a summary of frequently asked Questions and Answers regarding TRANs.

Expected Outcomes: Mitigate the impact of temporary General Fund cash flow deficits in the most cost-effective manner and likely at no net cost to the District.

Board Options and Consequences: The Board may approve the financing team, the sale of the TRANs on a negotiated or private placement basis, the Resolution, the Preliminary Official Statement and the other documents so that the TRANs issuance can be executed as timely as possible.

The Board may prefer to finance the cash deficits through internal borrowing or a line of credit with a commercial bank. These options, however, would result in additional budgetary costs.

Policy Implications: This action has been reviewed and is in compliance with the District's Debt Policy.

Budget Impact: The IRS rules regarding TRANs allow an issuer to invest the TRANs proceeds and keep all or a portion of the interest earnings, under certain conditions, so that an issuer does not incur a net cost and may even be able to generate a net benefit. Because of this, it is expected that there will be no net cost associated with the TRANs but, in the event the District's actual cash balance does not meet the IRS guidelines, the District would forfeit any positive arbitrage earnings.

Issues and Analysis: There are four cash management tools that could be used to address the temporary deficits: 1) internal borrowing from other District funds; the advantage of this approach is that it is easy to do, but the disadvantage is that it potentially disrupts the operations of such funds as the workers' comp, capital outlay, State matching funds and others and it means a loss of interest earnings on the borrowed funds; 2) a short-term line of credit with a commercial bank; the advantage of this approach is the ease of



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

doing the transaction, but the disadvantages are the interest rate (which would be higher than the interest rate on a TRAns, discussed next) and the fact that banks do not always offer this product; 3) interfund borrowing from LACOE; the advantage of this approach is that it is relatively easy to do, but the disadvantage is that LACOE would first require the District to exhaust its own internal borrowing capacity and the District would lose interest on those funds as well as pay interest on the LACOE borrowing; and 4) issuance of a TRAns, the advantages of which are low interest rates and no net cost to the District, while the disadvantage is the significant amount of staff time needed to execute the transaction.

In the current market, the TRAns interest cost is estimated to be between 0.70% to 0.80% for a series that is secured by revenues received in Fiscal Year 2011-12 and would be about 1% for a series that is secured by revenues that are deferred from Fiscal Year 2011-12 to Fiscal Year 2012-13. This would be subject to a positive market reception to School District TRAns. The market reception may be adversely affected by the higher cash deferrals imposed by the State. A commercial bank line of credit would cost about 2.40%; and the loss of interest earnings on internal or interfund borrowings at the current L.A. County pool rate would be about 1.53%, based on the pool rate as of February 28, 2011.

Based on evaluation of the four financing alternatives over the years, the District has found TRAns to be the most cost-effective approach. LAUSD has issued TRAns annually from Fiscal Year 1982-83 to 1985-86 and in every fiscal year since 1990-91 to fund timing differences between receipts and disbursements.

Finance is recommending issuance of the TRAns by early July. This will enable the District to finance the initial cash deficit caused by the State's delay of payment of a portion of the July apportionment.

The District has used a competitive sale method for its TRAns many times in the past. This approach has been very cost effective, as it takes advantage of competition among all of the major note underwriters in the municipal market. A competitive sale requires the transaction to be very "vanilla" without any aspects that could cause investor credit concerns. Due to the fact that the Second Interim had a qualified certification, the State is expected to continue deferring cash payments to the District, and the State budget situation is dire, Finance recommends that the TRAns be sold on a negotiated or private placement basis this year (as it was last year). A negotiated method of sale selects the underwriters ahead of time to assist the District in pre-marketing the TRAns and making sure the



LOS ANGELES UNIFIED SCHOOL DISTRICT
Board of Education Report

qualified certification, cash deferrals and State budget situation are fully discussed by the District with the major TRANs investors. A private placement method of sale allows the District to negotiate the sale of TRANs directly to the individual investor. Finance is confident either of these approaches will result in an orderly TRANs sale at a market rate of interest.

Attachments:

Attachment A: Resolution

☒ **Informative**

☐ **Desegregation
Impact Statement**

Respectfully submitted,

APPROVED BY:

MICHELLE KING
Deputy Superintendent, School Operations

JOHN E. DEASY, PH.D.
Superintendent of Schools

REVIEWED BY:

DAVID HOLMQUIST
General Counsel

APPROVED &
PRESENTED BY:

MEGAN K. REILLY
Chief Financial Officer

☒ Approved as to form.

YUMI TAKAHASHI
Budget Director

☒ Approved as to budget impact statement

INTER-OFFICE CORRESPONDENCE
Los Angeles Unified School District
Office of the Chief Financial Officer

INFORMATIVE

Date: May 9, 2011

TO: Members, Board of Education
John E. Deasy, Ph.D., Superintendent

FROM: Megan K. Reilly
Chief Financial Officer 

SUBJECT: **2011-12 TAX AND REVENUE ANTICIPATION NOTES**

Overview

The purpose of this Informative is to provide background information on the proposed 2011-12 Tax and Revenue Anticipation Notes ("TRANs") transaction.

LAUSD has issued TRANs annually from Fiscal Year 1982-83 to 1985-86 and in every fiscal year since 1990-91 to fund timing differences between receipts and disbursements. LAUSD's 2010-11 TRANs were issued in the amount of \$540 million and are scheduled to be repaid on June 30, 2011.

The biggest factors affecting the timing of revenues are (1) the State's deferral of all or a portion of State schools apportionment from July 2011, August 2011 and October 2011 to January 2012, (2) the State's deferral of approximately \$664 million of State Aid from every month beginning February 2012 through June 2012 to the following fiscal year (Fiscal Year 2012-2013), and (3) the State Board of Equalization's property tax collection rules that require taxes to be collected and made available primarily in December and April rather than in equal monthly amounts across a fiscal year. These factors cause temporary cash flow deficits until the revenues are received.

The financing of cash flow deficits due to intra-fiscal year deferrals and cross fiscal year deferrals of about 35% of the District's State apportionment is a critical priority for the District. If no financing is implemented, the District risks its ability to timely meet its payroll and other operating obligations.

It is important to note that the cash flow deficits are NOT a sign of credit weakness; rather, the deficits are a result of the delay of revenues and their uneven pattern during the fiscal year.

Because of the District's qualified certification, it is necessary to obtain the approval from the Los Angeles County Office of Education (LACOE) of the TRANs issuance. LACOE is expected to provide such approval by the time of Board approval of the TRANs on May 24.

Finance will continue to fine tune the cash flows as the District's Fiscal Year 2011-12 budget process progresses, so the final issuance amount is not yet known. Finance recommends that

the resolution regarding TRANS issuance provide a conservative not-to-exceed amount of \$1.4 billion of TRANS to provide flexibility once the final sizing is determined in June, as it is possible the District will need to issue a TRANS in July to fund the fall 2011 cash flow deficit and issue a second TRANS next May to fund a June 2012 cash flow deficit. The largest amount of TRANS ever issued by the District was \$750 million in Fiscal Year 2009-10.

If you have any questions, please contact me at (213) 241-7888.

c: Michelle King
David Holmquist
Enrique Boull't
Judy Elliott
Jefferson Crain
Timothy Rosnick
Luis Buendia
John Walsh

ATTACHMENT A

RESOLUTION

RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$1,400,000,000 2011-12 TAX AND REVENUE ANTICIPATION NOTES IN ONE OR MORE SERIES AND AT ONE OR MORE TIMES, ALL AS PROVIDED HEREIN, FOR SAID DISTRICT, APPROVING THE SALE OF SUCH NOTES BY A NEGOTIATED SALE OR PRIVATE PLACEMENT SALE, APPROVING THE FORMS OF OFFICIAL STATEMENT AND OTHER LEGAL DOCUMENTS AND CERTIFICATES REQUESTING THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY TO ISSUE SAID NOTES AND APPROVING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Sections 53850 et seq. of the Government Code of the State of California (the "Act") contained in Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof, entitled "Temporary Borrowing," on or after the first day of any Fiscal Year (being July 1), the Los Angeles Unified School District (the "District") may borrow money by issuing notes for any purpose for which the District is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the District; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of a district by the board of supervisors of the county, the county superintendent of which has jurisdiction over said district, as soon as possible following the receipt of a resolution of the governing board of the district requesting the borrowing; and

WHEREAS, the County Superintendent of Schools of the County of Los Angeles (the "County Superintendent of Schools") has jurisdiction over the District, and this Board of Education (the "District Board"), being the governing board of the District, hereby requests the borrowing of not to exceed \$1,400,000,000 through the issuance by the County of Los Angeles (the "County") of the Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes (including "Additional Notes" and "Refunding Notes" each as hereinafter defined, the "Notes"), in one or more series and at one or more times, on a federally taxable basis (the "Taxable Notes") and tax-exempt basis (the "Tax-Exempt Notes"), in the name of the District, at a true interest cost not to exceed 10.00% for any series issued on a federally taxable basis or a true interest cost not to exceed 6.00% for any series issued on a tax-exempt basis; and

WHEREAS, the District Board has deemed it necessary and desirable to authorize the sale of the Notes by (i) a negotiated sale, if determined by the Chief Financial Officer or her designee (the "CFO"), or the Controller or his designee (the "Controller"), to be in the best interest of the District, pursuant to a Note Purchase Agreement (the "Negotiated Note Purchase Agreement") with the underwriters designated therein, or (ii) a private placement sale, if determined by the CFO or the Controller to be in the best interest of the District, pursuant to a Note Purchase Agreement (the "Private Placement Note Purchase Agreement") with the purchasers designated therein; and

WHEREAS, the Notes shall be payable only from revenue received in or accrued during Fiscal Year 2011-2012, including, but not limited to, revenue provided by the State of California (the "State") and federal government and the proceeds of Refunding Notes (as hereinafter defined), if any; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts, and other moneys of the District, including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the District, will be encumbered for a special purpose unless an equivalent amount of the proceeds from said Notes is set aside for and used for said special purpose), and this Resolution specifies that taxes, income, revenue, cash receipts, and other moneys of the District which are generally available for the payment of current expenses and other obligations of the District received by the District for the General Fund of the District during Fiscal Year 2011-2012 or accrued during Fiscal Year 2011-2012 (collectively, the "General Fund Revenues"), as provided in Section 53856 of the Act, are pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District and, to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof, shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the District Board has found and determined that said \$1,400,000,000 maximum aggregate principal amount of Notes to be issued by the County on behalf of the District in Fiscal Year 2011-2012, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from the State and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

NOW, THEREFORE, the District Board hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof; Paying Agent. The District Board hereby requests the Board of Supervisors of the County of Los Angeles (the "County Board") to issue in the name of the District, an amount not to exceed \$1,400,000,000 aggregate principal amount of Notes in one or more series and at one or more times as determined by the CFO under Sections 53850 *et seq.* of the Act, designated "Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes" (with such additional or other series designations as may be authorized herein) to be numbered from 1 and consecutively upward in order of issuance of a Series of Notes. Each Series of Notes will be in denominations of \$5,000, or integral multiples thereof, or as otherwise determined by the CFO after conferring with the Treasurer and Tax Collector of the County (the "Treasurer"), dated the date of delivery thereof, but in no case prior to July 1, 2011 and not later than June 29, 2012, issued as Taxable Notes or Tax-Exempt Notes, with respect to the Tax-Exempt Notes, to mature not later than 13 months (or 390 days computed on a 30 day month/360 day year basis) from said date of delivery, and, with respect to the Taxable Notes, to mature not later than 15 months from said date of delivery, or if such dates are not a day on which banks in the States of New York and California are open for business, on the last business day prior to such date, and bear interest,

payable at maturity (or in the case of a term to maturity greater than one year, (i) on a date no later than one year from the date of issuance of a Series of Notes and (ii) on the date of maturity (as described below)) by check mailed or wire transfer to the registered owners thereof, at a single or multiple rates of interest but not in excess of the legal maximum interest rate of 12.00% per annum and not in excess of a true interest cost of 6.00% for a Series of Tax-Exempt Notes and not in excess of a true interest cost of 10.00% for a Series of Taxable Notes, in each case computed on a 30-day/360 day year basis for a Series of Taxable Notes, all as shall be determined at the time of sale of a Series of Notes and set forth in the Negotiated Note Purchase Agreement or the Private Placement Note Purchase Agreement, as applicable. The District may determine to have two or more Series have the same Pledge Date (hereinafter defined) and mature on the same date if each Series contains a designation as to its priority in the set aside on such Pledge Date or payment on such maturity date, as applicable. Any Notes issued pursuant to this Resolution subsequent to the date the first Series of Notes is issued are referred to herein as "Additional Notes" and shall be payable subsequent to the payment of each prior Series of Notes, as further provided herein in Section 4 hereof. The principal of the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the principal office of the Treasurer which is hereby designated to be the paying agent on the Notes (in such capacity, the "Paying Agent") or such other paying agent as the County and District may designate. Interest shall be payable upon surrender as described in the preceding sentence except as otherwise provided in this Section 1. The District Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

Additional Notes, except Refunding Notes, may be issued only if (1) such Notes are payable subsequent to the payment of the first Series of Notes and each other Series of Notes theretofore issued and outstanding or (2)(i) no Notes previously issued under this Resolution are then outstanding or (ii) there is on deposit in the Repayment Account (hereinafter defined) with respect to each Series of Notes then-outstanding an amount equal to or greater than the sum of (A) the then unpaid principal amount of each such Series of Notes, and (B) any then unpaid interest due or to become due on each such Series of Notes.

Notwithstanding the provisions set forth in the preceding paragraph and without regard to the maximum principal amount authorized under Section 1 hereof, one or more Series of Notes ("Refunding Notes") may be issued at one or more times in accordance with the provisions of this Resolution to refund, in whole or in part, and pay not later than thirty-five (35) days following the date of delivery of the applicable Refunding Notes, one or more Series of Notes then outstanding, and to pay costs incurred by the District in connection with the authorization, sale and issuance of said Refunding Notes.

The maximum aggregate principal amount of Notes authorized to be issued under this Resolution, when added to the interest payable thereon, shall not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from the State and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act. In connection with the issuance of Additional Notes, if any, the CFO or the Controller shall have determined that the issuance of such Series of Additional Notes, including Refunding Notes, complies with the foregoing requirement.

Section 2. Form of Notes. The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be issued on the dates to be designated by the County Board as permitted by Section 53853 of the Act and shall be in the form and executed in the manner prescribed in this Resolution, as permitted and required by Section 53853 of the Act.

Section 3. Deposit of Note Proceeds. Proceeds of the Notes shall be deposited either in the General Fund of the District or if the CFO or the Controller has elected that the Note proceeds be invested pursuant to Section 11 hereof, such moneys shall be held by the Paying Agent, in its capacity as fiscal agent (the "Fiscal Agent"), and invested by the Fiscal Agent, as directed by the District. Said proceeds of the Notes, excluding the proceeds of the Refunding Notes, shall be used and expended by the District for any purpose for which it is authorized to expend moneys from the General Fund of the District. Proceeds of the Refunding Notes shall be deposited and be held by the Paying Agent in a special, escrow account for said Refunding Notes. Said proceeds of the Refunding Notes shall be used and expended by the District to pay the debt service on Notes to be refunded and costs incurred by the District in connection with the authorization, sale and issuance of such Refunding Notes.

Section 4. Payment of Notes.

(A) Source of Payment. The aggregate principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during Fiscal Year 2011-2012 or accrued to the District during Fiscal Year 2011-2012 and which are lawfully available therefor, including, but not limited to, fiscal aid provided by the State and federal government and proceeds of Refunding Notes. The Notes shall be a general obligation of the District, and, to the extent the Notes are not paid from the Pledged Revenues, as defined below, the Notes, together with interest thereon, shall be paid from any other moneys of the District lawfully available therefor, as provided herein and by law.

(B) Pledged Revenues. As security for the payment of the principal of and interest on the Notes, the District shall set aside and deposit an aggregate amount equal to the principal amount of the Notes from General Fund Revenues on such dates and in such amounts as determined by the CFO or the Controller as herein provided. Subject to the limitations set forth in Section 4(A) above, the District hereby pledges such amounts, plus an amount sufficient to pay any remaining interest on the Notes and any deficiency in the amount that was required to be deposited during any prior month, from General Fund Revenues received by the District in one or more months ending prior to the maturity date of the Notes and on a date during the month that includes the maturity date of the Notes, provided that such date is at least three business days prior to the maturity date of the Notes (such pledged amounts being hereinafter called the "Pledged Revenues"). The dates (each a "Pledge Date") and amounts required for deposit, on each Pledge Date shall be as determined by the CFO or Controller, and shall be as set forth in the Negotiated Note Purchase Agreement or the Private Placement Note Purchase Agreement, as applicable. The District may determine to have two or more Series have the same Pledge Date and mature on the same date if each Series contains a designation as to its priority in the set aside on such Pledge Date and payment on such maturity date, as applicable.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient General Fund Revenues received by the District to permit the deposit into the Repayment Account (as hereinafter defined) of the full amount of Pledged Revenues to be deposited from General Fund Revenues in any of the months specified as hereinabove provided, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon in accordance with Section 53857 of the California Government Code.

(C) Deposit of Pledged Revenues in Repayment Account. The District shall deposit or cause the Treasurer to deposit on each Pledge Date in the Repayment Account held by the Paying Agent the amount of Pledged Revenues as set forth in the Negotiated Note Purchase Agreement or Private Placement Note Purchase Agreement, as applicable, not less than the amount required to be deposited in the Repayment Account on such Pledge Date. The District hereby agrees that if there have been insufficient General Fund Revenues received by the Treasurer on behalf of the District by the third business day prior to any Pledge Date to permit the deposit into the Repayment Account (defined below) of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up, but only to the extent permitted by law, from any other moneys of the District lawfully available for the payment of the principal of the Notes and the interest thereon, when and as such Pledged Revenues and such other moneys lawfully available for payment of the principal of and interest on the Notes are received by the Treasurer, on behalf of the District, or directly by the District. Moneys in the Repayment Account shall be used to pay the principal of and interest on a Series of Notes, in full when due in the order of their maturity. The District may determine to have two or more Series have the same Pledge Date and mature on the same date if each Series contains a designation as to its priority in the set aside on such Pledge Date and payment on such maturity date, as applicable.

The Pledged Revenues and other moneys lawfully available for payment of the principal of and interest on the Notes shall be held by the Paying Agent in a special account for the Notes, designated as the "Los Angeles Unified School District 2011-2012 Tax and Revenue Anticipation Notes, Repayment Account" (the "Repayment Account"), and applied as provided in this Resolution. Any moneys placed in the Repayment Account shall be for the benefit of the holders of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at the respective maturity date for each Series of Notes, together with interest to such maturity date, the moneys in the Repayment Account shall be applied only for the purposes for which the Repayment Account is created.

(D) Disbursement and Investment of Moneys in Repayment Account. From the date of delivery of the Notes, all Pledged Revenues shall be deposited in the Repayment Account. After such date as the amount of Pledged Revenues deposited in the Repayment Account shall be sufficient to pay in full the principal of and interest on the Notes when due, any moneys in excess of such amount remaining in or accruing to the Repayment Account shall be transferred to the General Fund of the District upon the request of the District. On the interest payment date

and maturity date of each Series of Notes, the moneys in the Repayment Account shall be used, to the extent necessary, to pay the principal of and interest on the related Series of Notes required to be paid in accordance with the Negotiated Note Purchase Agreement or the Private Placement Note Purchase Agreement, as applicable.

Moneys in the Repayment Account, to the greatest extent possible, shall be invested at the request of the District in investment securities by the Fiscal Agent, (i) as permitted by applicable California law, as it is now in effect and as it may be amended, modified or supplemented from time to time or (ii) as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601.1 of the Act; provided that such investment shall mature or be redeemable in order to provide for timely payment of principal and interest in the Notes when due; provided further that any such investment shall only be made (1) in direct obligations of the United States of America, including United States Treasury notes, bonds and bills, (2) in obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (3) in obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (4) in the Treasurer's County Treasury Pool, and (5) as provided in Section 11 hereof.

Section 5. Execution of Notes. The District hereby requests the Chairman of the County Board, the Executive Officer Clerk of the County Board and the Treasurer to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer Clerk of the County Board is hereby requested to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby requested to cause the blank spaces thereof to be filled in as may be appropriate. The Notes shall not be valid unless and until the Treasurer and Tax Collector of the County of Los Angeles, as authenticating agent, shall have manually authenticated such Notes.

Section 6. Sale of Notes. The distribution of the Preliminary Official Statement, Official Statement and the Negotiated Note Purchase Agreement, or in the case of a private placement of the Notes, the Private Placement Memorandum and the Private Placement Note Purchase Agreement, as applicable, are approved in connection with the offering and sale of the Notes. The actions of the Underwriters and the Financial Advisor (as hereinafter defined), as applicable, on behalf of the District, in distributing the Preliminary Official Statement, Official Statement, the Private Placement Memorandum, the Negotiated Note Purchase Agreement or the Private Placement Note Purchase Agreement, as applicable, to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Notes therein offered for sale are hereby approved. The Notes shall be sold (i) by a negotiated sale pursuant to the Negotiated Note Purchase Agreement in substantially the form on file with the Executive Officer and hereby approved, if determined by the CFO or the Controller to be in the best interest of the District, or (ii) by a private placement sale pursuant to the Private Placement Note Purchase Agreement, if determined by the CFO or the Controller to be in the best interest of the District.

(A) Negotiated Sale. In the event the CFO or the Controller determines that a negotiated sale of the Notes is in the best interest of the District, the CFO, the Controller or any

other officer authorized by the CFO or Controller (an "Authorized Officer" or "Authorized Officers") are hereby authorized and directed on behalf of the District to execute the Negotiated Note Purchase Agreement with the underwriters named therein (collectively, the "Underwriters") and the County in substantially the form on file with the Executive Officer, with such changes as such Authorized Officer shall deem necessary or desirable to implement the negotiated sale of the Notes consistent with the terms of this Resolution. Such execution shall constitute conclusive evidence of the approval by the District of the Negotiated Note Purchase Agreement in the form finally executed.

(B) Private Placement Sale. In the event that the CFO or the Controller determines that a private placement sale of the Notes is in the best interest of the District, an Authorized Officer is hereby authorized and directed on behalf of the District to execute the Private Placement Note Purchase Agreement in the form of the Negotiated Note Purchase Agreement, with such modifications as the Authorized Officer shall deem appropriate to reflect the form of sale as a private placement and such other changes as such Authorized Officer shall deem necessary or desirable to implement the private placement sale of the Notes consistent with the terms of this Resolution. The Private Placement Note Purchase Agreement shall include a provision whereby the purchaser represents that it is an "accredited investor" as defined under Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), or a "qualified institutional buyer" as defined under Rule 144(a) of the 1933 Act. Such execution shall constitute conclusive evidence of the approval by the District of the Private Placement Note Purchase Agreement in the form finally executed.

Section 7. Authorization of Preliminary Official Statement, Official Statement or Private Placement Memorandum. When completed, the preliminary official statement (the "Preliminary Official Statement") relating to the Notes in substantially the form on file with the Executive Officer of the Board of Education is hereby deemed approved. The Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in purchasing such Notes. Each Authorized Officer, acting singly, is hereby authorized to certify on behalf of the District, that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 ("Rule 15c2-12") promulgated under the Securities Exchange Act of 1934, as amended (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Official Statement in substantially said form (the "Official Statement"), with such changes as each Authorized Officer, acting singly, may approve (including all information previously permitted to have been omitted by Rule 15c2-12), which approval shall be conclusively evidenced by execution by such Authorized Officer of the Official Statement and delivery thereof to the underwriters of the Notes within 7 business days of the sale of the Notes, is hereby approved. The form of private placement memorandum (the "Private Placement Memorandum") relating to the Notes in the form of the Official Statement with such modifications as the Authorized Officer determines are appropriate to reflect the sale of the Notes in the form of a private placement is hereby deemed approved. Unless a placement agent shall have been appointed by the District to distribute the Private Placement Memorandum, Tamalpais Advisors, Inc. - KNN Public Finance, A Joint Venture, the Financial Advisor to the District in connection with the Notes (the "Financial Advisor"), is hereby authorized to distribute copies of the Private Placement Memorandum to an "accredited investor" as defined under Regulation D of the 1933 Act or a "qualified institutional

buyer" as defined under Rule 144(a) of the 1933 Act who may be interested in purchasing such Notes.

Section 8. Authorization of Disclosure Certificate. An Authorized Officer is hereby authorized to execute the Disclosure Certificate in substantially the form on file with the Executive Officer, which shall be used in connection with the offering and sale of each series of the Notes. The District hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Disclosure Certificate shall not be considered an event of default; however, any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 9. Delivery of Notes. The proper officers of the County are hereby requested to deliver the Notes to the purchasers of the Notes. All actions heretofore taken by the officers and agents of the District Board with respect to the Notes are hereby approved, confirmed and ratified, and the officers of the District Board are hereby authorized and directed to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

Section 10. Blanket Issuer Letter of Representations. The Depository Trust Company, New York, New York ("DTC") is hereby appointed depository for the Notes. DTC shall perform such functions according to the Blanket Issuer Letter of Representations on file with the Paying Agent. In the written acceptance by DTC of the Blanket Issuer Letter of Representations, DTC has agreed to take all actions necessary for all representations in the Blanket Issuer Letter of Representations with respect to DTC at all times to be complied with. In addition to the execution and delivery of the Blanket Issuer Letter of Representations, the District shall take any other actions, not inconsistent with this Resolution or any supplemental resolution, to qualify the Notes for the DTC book entry system. The provisions of this Section 10 shall not be applicable to Notes that are sold pursuant to a private placement sale in the event that the Private Placement Note Purchase Agreement applicable to such Notes does not provide for DTC to be depository for such Notes.

Section 11. Authorization of Investment Agreements and Guaranteed Investment Contracts. Notwithstanding anything to the contrary contained herein, the CFO may determine in the best interest of the District to direct that the proceeds of any series of the Notes and/or the moneys deposited in the Repayment Account be invested in one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long term ratings of the provider of such agreement or contract, as of the date of execution and delivery of such agreement or contract, shall be at least "AA-" by S&P and "Aa3" by Moody's. In such event, the proceeds of the Notes, as well as any moneys deposited in the Repayment Account, will be held by the Fiscal Agent. The District shall not invest any proceeds of the Notes or moneys deposited in the Repayment Account unless such investments shall mature or be redeemable in order to provide for timely payment of principal of and interest on the Notes when due.

Section 12. Further Actions Authorized. It is hereby covenanted that the District Board and its appropriate officials have duly taken all proceedings necessary to be taken and will take any additional proceedings necessary to be taken by them in accordance with the law and for carrying out the provisions of this Resolution.

Section 13. Recitals. All the recitals in this Resolution above are true and correct and this District Board so finds, determines and represents.

Section 14. Tax Covenants. The District covenants that it will make no use of the proceeds of the Tax-Exempt Notes or any other amounts that would cause the Tax-Exempt Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end, so long as any of the Tax-Exempt Notes are outstanding, the District and all of its officers having custody or control of such proceeds agree to comply with all requirements of said Section 148 and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Tax-Exempt Notes and certain other amounts and the rebate of a portion of the investment earnings on certain amounts, including proceeds of the Tax-Exempt Notes, if required, to the federal government. The District further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the covenants contained in this Section 14, the District agrees to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of each series of Tax-Exempt Notes (each, a "Tax Certificate"). The District covenants that it will take no action that would cause the interest on the Tax-Exempt Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes.

Section 15. Effectiveness. This Resolution shall become effective upon its adoption by the District Board.

Section 16. Transmittal of Resolution. The Executive Officer of this District Board is hereby directed to send an original certified copy of this Resolution to the County Board, the Treasurer and the County Superintendent of Schools.


PASSED AND ADOPTED by the Board of Education of the Los Angeles Unified School District this 24th day of May, 2011, by the following vote:


AYES: 7

NOES:

ABSTENTIONS:

ABSENT:



President, Board of Education
Los Angeles Unified School District

Executive Officer of the Board of Education
of the Los Angeles Unified School District

EXHIBIT A

FORM OF NOTE

[Unless this Note is presented by an authorized representative of [The Depository Trust Company, New York, New York (“DTC”)] to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of [Cede & Co.] or such other name as requested by an authorized representative of [DTC] and any payment is made to [Cede & Co.], ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, [Cede & Co.], has an interest herein.]

**LOS ANGELES UNIFIED SCHOOL DISTRICT,
2011-2012 TAX AND REVENUE ANTICIPATION NOTE
SERIES ____**

Registered Owner: [CEDE & CO.]
CUSIP No.: _____
Maturity Date: _____, 20__

Dated: _____, 20__
Principal Sum: \$ _____
Interest Rate: _____%

FOR VALUE RECEIVED the Los Angeles Unified School District (the “District”), a school district organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay the Registered Owner hereof the Principal Sum stated above in immediately available funds in lawful money of the United States of America, on the Maturity Date stated above, together with interest thereon at the Interest Rate per annum stated above in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on or prior to the maturity date [or, in case of a term to maturity greater than one year, on the date that is one year from the date of issuance of this Note and on the maturity date]. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable only upon surrender of this Note as the same shall fall due; [provided, however, any interest due prior to maturity shall be payable on _____, 2012 to the person in whose name the note is registered on _____ 15, 2012 by wire or check mailed to such registered owner].

The principal of and interest to be paid at maturity on this Note shall be paid by check or by wire transfer payable to or upon the order of the registered owner hereof upon presentation and surrender of this Note at maturity at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent (the “Paying Agent,” “Fiscal Agent” and “Authenticating Agent”) at Los Angeles, California. No interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

The District and the Paying Agent may deem and treat the holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and

interest due hereon and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes, Series ____ (the “Notes”) in the aggregate principal amount of \$ _____, all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on June 7, 2011 (the “County Resolution”) and a Resolution of the Board of Education of the District duly passed and adopted on May 24, 2011 (the “District Resolution”) under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the District Resolution and the County Resolution.

The principal amount of the Notes and any additional notes which may be issued, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2011-2012, including, but not limited to, fiscal aid provided by the State and federal government and, if applicable, the proceeds of Refunding Notes. As security for the payment of the principal of and interest on the Notes and any additional notes which may be issued the District has pledged the amounts set forth in the District Resolution, County Resolution, and the [Note Purchase Agreement/Private Placement Note Purchase Agreement] (pledged amounts being hereinafter called “Pledged Revenues”); and the principal of the Notes and any such additional notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Authenticating Agent.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Note to be executed by the Chairman of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors and the Treasurer and Tax Collector by their manual or facsimile signature this _____ day of _____, ____.

COUNTY OF LOS ANGELES

By: _____
Chairman of the Board of Supervisors

(SEAL)

By: _____
Executive Officer-Clerk of
Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned County Resolution and is one of the Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes, Series ____.

**TREASURER AND TAX COLLECTOR OF
THE COUNTY OF LOS ANGELES, as
Authenticating Agent**

By: _____
Name: Mark J. Saladino
Title: Treasurer and Tax Collector

EXHIBIT B
FORM OF NOTE PURCHASE AGREEMENT

**[\$Principal Amount]
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2011-2012 Tax and Revenue Anticipation Notes, Series A**

NOTE PURCHASE AGREEMENT

[Pricing Date]

County of Los Angeles
437 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Los Angeles Unified School District
c/o Office of the Chief Financial Officer
333 South Beaudry Avenue
Los Angeles, California 90071

Ladies and Gentlemen:

The undersigned, [Representative], as Representative (the “*Representative*”) of the underwriters named in Exhibit A hereto (collectively, the “*Underwriters*”), offers to enter into this Note Purchase Agreement (“*Note Purchase Agreement*”) with the County of Los Angeles (the “*County*”) and with the Los Angeles Unified School District, County of Los Angeles, a public school district organized and existing under the laws of the State of California (the “*District*”). This offer is made subject to written acceptance by the County and the District prior to 11:59 p.m., California Time, on the date hereof, and, upon such acceptance, this Note Purchase Agreement will be binding upon the County, the District and the Underwriters. All terms not defined herein shall have the meanings set forth in the Official Statement (hereinafter defined).

Section 1. Purchase and Sale of the Notes. (A) The District is issuing its 2011-2012 Tax and Revenue Anticipation Notes, Series A in the principal amount of [\$Principal Amount] (the “*Notes*”), dated their date of delivery, with interest and principal payable on June 29, 2012 (the “*Maturity Date*”). Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the County in the name and on behalf of the District for reoffering to the public, and the County and the District hereby agree to sell to the Underwriters for such purpose, the Notes. The purchase price (the “*Purchase Price*”) to be paid by the Underwriters for the Notes shall be \$_____ (which consists of said principal amount of [\$Principal Amount], plus a premium of \$_____, less an Underwriters’ discount of \$_____).

(B) Upon the written acceptance of this Note Purchase Agreement by the County and the District, the Representative, on behalf of the Underwriters, shall deliver, within twenty-four (24) hours of such acceptance, by federal funds wire transfer (to the County's account at a bank having an office located in the State of California and having a demand account relationship with the County and payable in immediately available funds), for the account of the District, the amount of [one million dollars (\$1,000,000)], as a good-faith deposit ("*Good Faith Deposit*") for the performance by the Underwriters of their obligations to accept and pay for the Notes at Closing (hereinafter defined) in accordance with the provisions of this Note Purchase Agreement. Upon receipt of the Good Faith Deposit, such amount shall be held by the County pending Closing (except as provided below), although the proceeds thereof may be invested by the County and District pending the Closing. At the Closing, the Underwriters shall pay or cause to be paid the Purchase Price of the Notes, less the amount of such Good Faith Deposit, without accrued interest, and thereupon the County and the District shall apply the amount of the Good Faith Deposit, to the payment of the balance of such Purchase Price. In the event of the District's inability to deliver the Notes at the Closing, or if the District or the County is unable to satisfy the conditions to the Underwriters' obligations contained herein (unless such conditions are waived by the Representative), or if the Underwriters' obligations shall be terminated for any reason permitted hereby, the County shall forthwith return the amount of the Good Faith Deposit, without accrued interest, to the Representative immediately and such return shall constitute a full release and discharge of all claims by the Underwriters against the County and the District arising out of the transactions contemplated by this Note Purchase Agreement. In the event that the Underwriters fail (other than for a reason permitted hereby) to accept and pay for the Notes at the Closing as herein provided, the proceeds of the Good Faith Deposit, shall be retained and applied by the County and the District in full and complete liquidated damages (and not as a penalty) for such failure and as a discharge of all damages suffered on the part of the County and the District as a result of such failure.

Section 2. The Notes. The Notes shall be dated their date of delivery (the "*Issue Date*"), shall mature on [June 29, 2012], and shall bear interest at a rate of ____ percent (____%) per annum payable at maturity. The Notes shall be as described in and shall be issued and secured pursuant to the provisions of the resolution of the Board of Supervisors of the County of Los Angeles, adopted on [June 7, 2011] (the "*County Resolution*") and pursuant to a Resolution of the Board of Education of the District adopted on May 24, 2011 (the "*District Resolution*") and, together with the County Resolution, the "*Resolutions*"), and Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "*Act*"). The Notes shall be registered in the name of "Cede & Co." and delivered through the facilities of The Depository Trust Company ("*DTC*") in New York, New York.

Section 3. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the offer and sale of the Notes, a preliminary official statement and an official statement, in forms jointly acceptable to the District and the Representative, this Note Purchase Agreement, the Resolutions and all information contained herein and therein and all other documents, certificates or statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Note Purchase Agreement.

The District hereby ratifies, approves and confirms the use and distribution of the preliminary official statement of the District with respect to the Notes, dated [POS Date] (the "*Preliminary Official Statement*"), in connection with the public offering and sale of the Notes by the Underwriters. The District represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revisions to or additions of the initial public offering prices, interest rates, yields to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings, credit enhancement and other terms of the Notes which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended ("*Rule 15c2-12*").

The Underwriters agree that prior to the time the final official statement (the "*Official Statement*") relating to the Notes is available, the Underwriters will make available to any potential purchaser of the Notes, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) or electronic copy posted on an accessible website not later than the next business day following the date upon which each such request is received.

The Underwriters agree to file the Official Statement with the Municipal Securities Rulemaking Board (the "*MSRB*") via its Electronic Municipal Market Access ("*EMMA*") system no later than the Issue Date.

References herein to the Preliminary Official Statement and the Official Statement include the cover page through all appendices, exhibits, maps, reports and statements included therein or attached thereto and any documents incorporated therein by reference and any supplements or amendments thereto.

The District hereby agrees to cause to be delivered to the Underwriters within seven (7) business days of the date hereof, up to but not more than five hundred (500) copies of the Official Statement for distribution. The District hereby authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the public offering and sale of the Notes. The District hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the public offering and sale of the Notes. The Underwriters agree that they will not confirm the sale of any Notes unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

Section 4. Public Offering of the Notes. The Underwriters agree to make a bona fide public offering of the Notes. The Underwriters reserve the right to change such public offering price or yield as they deem necessary in connection with the marketing of the Notes and to over-allot or effect transactions that stabilize or maintain the market prices of the Notes at levels above those that might otherwise prevail in the open market and discontinue such stabilizing, if commenced, at any time.

Section 5. Closing. At 8:00 a.m., California Time, on July 1, 2011, or such other time and on such other date as shall have been mutually agreed upon by the District and the Representative (the "*Closing*" or the "*Closing Date*"), the County will deliver to the

Underwriters through the facilities of DTC, the Notes, duly executed, and in fully registered, book-entry form and will cause the documents, certificates, and opinions hereinafter mentioned pertaining to the Notes to be delivered at the offices of Bond Counsel in Los Angeles, California or at such other places as shall have been mutually agreed upon by the parties hereto, and other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the Purchase Price thereof in immediately available funds to the County.

Section 6. Representations Warranties and Agreements of the District. The District hereby represents and warrants to and covenants with the Underwriters that:

(A) The District is a public school district of the State of California (the “State”) organized and operating under the laws thereof, and has all requisite power and authority to execute, deliver and perform all of its obligations under this Note Purchase Agreement and the Resolutions.

(B) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and the delivery of the Notes; (ii) the District has full legal right, power and authority to enter into this Note Purchase Agreement, to execute the Disclosure Certificate (hereinafter defined) and to adopt the District Resolution and to perform its obligations under each such document or instrument (collectively, the “*District Documents*”), and to carry out and effectuate the transactions contemplated by the District Documents; (iii) the execution and delivery of or adoption of, and the performance by the District of the obligations contained in, the District Documents have been duly authorized and such authorization shall be in full force and effect at the time of Closing; (iv) the District Documents each, when executed, will constitute a valid and legally binding obligation of the District enforceable against the District in accordance with its terms except that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws for the protection of debtors in effect, to the application of general principles of equity if equitable remedies are sought and to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California; *provided* that no opinion is expressed with respect to any indemnification provisions contained herein; and (v) the District has duly authorized the consummation by it of all transactions contemplated by the District Documents; and (vi) by all necessary official action the District has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriters.

(C) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required for the consummation of the transactions contemplated herein or hereby, except for such actions as have been taken or as may be necessary to be taken to qualify the Notes for offer and sale under the so-called “Blue Sky” or other securities laws and regulations of such states and jurisdictions of the United States of America as the Underwriters may reasonably request, or which have not been taken or obtained; *provided, however*, that the District shall not be required to

subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(D) All Notes will be issued only under and within the limits of the Act, and, as such, are general obligations of the District, but payable only out of certain taxes, income, revenue, cash receipts and other moneys to be received by the District during fiscal year 2011-2012 or accrued during fiscal year 2011-2012 and legally available for the payment thereof (the “*2011-2012 Revenues*”). Under the County Resolution, certain moneys are pledged to payment of the Notes and any additional Notes authorized and issued pursuant to the County Resolution (the “*Pledged Revenues*”) and such pledge constitutes a first lien or charge against the Pledged Revenues.

(E) To the best knowledge of the District, the issuance of the Notes, the execution, delivery and performance of the District Documents and the Notes and the approval of the Official Statement and compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of, or material default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(F) Other than as described in the Official Statement, as of the time of acceptance hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court, government agency or public body, pending (in which service of process has been completed against the District), or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District or the entitlement of the officials of the District to such offices; (ii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendments or supplements thereto; (iii) seeking to restrain, prohibit or enjoin the sale, issuance or delivery of any of the Notes, the application of the proceeds of the sale of the Notes or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting the powers of the District or its authority with respect to the Notes, the County Resolution or this Note Purchase Agreement or in any way contesting or affecting the validity or enforceability of the Notes or (iv) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Note Purchase Agreement, (b) declare this Note Purchase Agreement to be invalid or unenforceable in whole or in material part, (c) in which a final adverse decision could materially adversely affect the operations of the District or (d) adversely affect the exclusion from gross income of the interest paid on the Notes for purposes of federal income taxation or (e) adversely affect the exemption from gross income of the interest paid on the Notes for purposes of State income taxation.

(G) The audited balance sheet of the District as of June 30, 2010, and the related statements of revenues, expenditures and changes in financial position for the fiscal year ended on such date, as set forth in the Official Statement, are true, complete and correct and fairly present the financial condition of the District as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the business, affairs, financial position, results of operations or condition, financial or otherwise, of the District since the date of such financial statements, except as otherwise disclosed in the Official Statement.

(H) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(I) As of the date thereof, and at all times subsequent thereto up to and including the Closing, the information relating to the District contained in the Official Statement (including all of its appendices and attachments) as amended or supplemented, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the date of the Closing, and the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District agrees that if at any time before the Closing any event occurs as a result of which the Official Statement as of its date would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare or cause to be prepared and furnish (at the expense of the District) an amendment or supplement that will correct such statement or omission. The District will advise the Representative promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Representative.

(J) The District undertakes that, for a period beginning with the day on which the Notes are delivered to the Underwriters and ending on the earlier of the twenty-fifth (25th) day following the “end of the underwriting period,” as defined in Rule 15c2-12(f)(2) under the Securities Exchange Act of 1934, as amended, or the day when the Official Statement is available to any person from the EMMA system, it will (i) apprise the Underwriters of all material developments, if any, occurring with respect to the District and (ii) if requested by the Representative, prepare a supplement to the Official Statement in respect of any such material event; *provided, however*, that the out-of-pocket costs and expenses, including legal fees and expenses, associated with providing any such supplement, will be borne by the Underwriters. Unless otherwise notified in writing by the Representative, the District may assume that the end of the underwriting period occurs on the date the District delivers the Notes to the Underwriters.

(K) Between the date hereof and the Closing, without the prior written consent of the Representative, the District will not have issued and will not have requested the County to issue, any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement.

(L) The District covenants that it will take any and all action and will cause any and all action to be taken in order to ensure compliance with the provisions contained in the tax and non-arbitrage certificate described in Section 11(E)(ix) hereof.

(M) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(N) To assist the Underwriters in complying with Rule 15c2-12, the District will undertake, pursuant to the District Resolution and the Disclosure Certificate (as defined herein), to provide notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will be set forth in the Official Statement. Except as disclosed in the Preliminary Official Statement and the Official Statement, the District has never failed to comply with any prior disclosure undertakings pursuant to Rule 15c2-12.

(O) Preparation and distribution of the Official Statement pertaining to the Notes has been duly authorized by the District, and the information contained therein (excluding the statements and information in Appendix D – “Book-Entry Only System”, and any information provided by the Underwriters for inclusion in the Official Statement) is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(P) Any certificates signed by any official of the District and delivered to the Underwriters shall be deemed a representation and warranty by the District to the Underwriters, but not by the person signing the same in such person’s individual capacity, as to the statements made therein.

Section 7. Representations Warranties and Agreements of the County. The County hereby represents, warrants and covenants to the Underwriters that:

(A) The County is a political subdivision of the State validly existing under the Constitution and laws of the State, with the right and power to (i) execute, deliver and perform its obligations under this Note Purchase Agreement and the County Resolution and (ii) execute and deliver the Notes.

(B) (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the execution and delivery of the Notes; (ii) the County has full legal right, power and authority to enter into this Note Purchase

Agreement, to adopt the County Resolution, to execute and deliver the Notes to the Underwriters on behalf of the District and to perform its obligations under each such document or instrument (collectively, the “*County Documents*”) and to effectuate transactions contemplated by the County Documents; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Notes, the County Resolution and this Note Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; and (iv) this Note Purchase Agreement constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms.

(C) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Notes or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may reasonably request, or which have not been taken or obtained; *provided, however*, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(D) The execution and delivery of the Notes, the execution, delivery and performance of this Note Purchase Agreement, the performance of the County’s obligations under the County Resolution and compliance with the provisions hereof and thereof by the County, as appropriate, do not and will not, in any material respect, conflict with or constitute on the part of the County a breach of, or a default under, the Constitution of the State, any existing law, charter, ordinance, regulation, court decree or order, resolution or any agreement, indenture, mortgage, lease or other instrument, to which the County is subject or by which it is bound.

(E) All authorizations, consents or approvals of, or filings or registrations, if any, with, any governmental authority or court necessary for the valid execution and delivery by the County of the Notes will have been duly obtained or made prior to the execution and delivery of the Notes (and disclosed to the Underwriters); *provided, however*, that no representation is made by the County as to compliance with federal or state Blue Sky or similar securities laws of any state in connection with the offering, sale or issuance of the Notes. As used herein, the term “governmental authority” refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation.

(F) To the best knowledge of the County as of the time of acceptance hereof, no action, suit, proceeding or investigation is pending or threatened against the County in any court or before any governmental authority seeking to restrain or enjoin the execution or delivery of any of the Notes or in any way contesting or affecting the validity of the County Resolution, the Notes, this Note Purchase Agreement, or the receipt or application of the revenues pledged to pay the Notes or the payment of principal of and

interest on the Notes, or contesting the powers of the County to execute and deliver the Notes.

(G) Between the date hereof and the Closing, without the prior written consent of the Representative, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement.

(H) Any certificates signed by any officer of the County and delivered to the Underwriters shall be deemed a representation and warranty by the County to the Underwriters, but not by the person signing the same in such person's individual capacity, as to the statements made therein.

Section 8. Covenants of the County and the District. The County and the District covenant and agree with the Underwriters that:

(A) The District will punctually pay or cause to be paid the principal of and interest on the Notes in strict conformity with the terms of the County Resolution and the Notes and it will faithfully observe and perform all of the conditions, covenants and requirements of the Notes and the County Resolution. The District will cause the Pledged Revenues to be deposited in the Los Angeles Unified School District, 2011-2012 Tax and Revenue Anticipation Notes, Series A, Repayment Account (as defined in the County Resolution) in an amount equal to [thirty-five percent (35%)] of the principal amount of the Notes on or before January 31, 2012, an amount equal to [thirty-five percent (35%)] of the principal amount of the Notes on or before March 30, 2012, and an amount equal to [thirty percent (30%)] of the principal amount and one hundred percent (100%) of the interest to be due on the Notes on or before April 30, 2012.

(B) With the exception of the Notes and any additional notes authorized under the County Resolution, the District will not incur any indebtedness for money borrowed that may or must be repaid from the 2011-2012 Revenues except to the extent that such other indebtedness will not be secured by a pledge of the Pledged Revenues or Other Pledged Moneys (as defined in the County Resolution) that ranks prior to or on a parity with the pledge thereof created by the County Resolution.

(C) The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as the Underwriters may reasonably request in order to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, *provided, however*, that the District and the County shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof.

(D) The District will apply the proceeds from the sale of the Notes for the purposes specified in the County Resolution.

(E) The District will not cause modification or amendment of the County Resolution without the prior consent of the Representative.

(F) The District hereby agrees to deliver or cause to be delivered (and the County agrees to cooperate with the District in connection with such delivery) to the Underwriters, not later than the earlier of (i) the third (3rd) business day preceding the Closing Date or (ii) the seventh (7th) business day following the date this Note Purchase Agreement is signed, printed copies of an Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriters, the County and the District in such reasonable quantities as may be requested by the Underwriters in order to permit the Underwriters to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board.

(G) The District hereby agrees to notify the Representative of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the Closing.

(H) If at any time prior to the expiration of 25 days following the “end of the underwriting period,” any event known to the District or the County relating to or affecting the District, the County or the Notes occurs which might cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which such statements were made, not misleading, the District or the County will promptly notify the Underwriters in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable opinion of Sidley Austin LLP, Disclosure Counsel to the District (“*Disclosure Counsel*”), or the Representative, to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and either shall have so advised the District, the District and the County will forthwith cooperate with the Representative in the prompt preparation and furnishing to the Underwriters, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance satisfactory to the Representative, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District and the County will presume that unless otherwise notified in writing by the Representative, the end of the underwriting period will occur on the date of delivery of the Notes.

(I) To assist the Underwriters in complying with Rule 15c2-12 and for the benefit of the holders and beneficial owners of the Notes, the District will undertake to provide notices of certain events pursuant to a disclosure certificate dated the date of Closing (the “*Disclosure Certificate*”).

Section 9. Representations, Warranties and Agreements of the Underwriters. The Underwriters represent to and agree with the District and the County that, as of the date hereof and as of the date of Closing:

(A) The Underwriters are duly authorized to execute this Note Purchase Agreement;

(B) The Underwriters are duly authorized to take any action under this Note Purchase Agreement required to be taken by the Underwriters; and

(C) The Underwriters have, and have had, no financial advisory relationship (as such term is defined in California Government Code Section 53590) with the District or the County with respect to the Notes, and no investment firm controlling, controlled by or under common control with the Underwriters have or had any such financial advisory relationship (as such term is defined in California Government Code Section 53590).

Section 10. Division of Responsibility Between the District and the County. It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Note Purchase Agreement which are to be performed solely by the District and the District shall have no responsibility or liability to ensure or provide compliance with those provisions of this Note Purchase Agreement which are to be performed solely by the County.

Section 11. Conditions to Obligations of Underwriters at Closing. The Underwriters have entered into this Note Purchase Agreement in reliance upon the representations and warranties of the County and the District contained herein and the performance by the County and the District of their respective obligations hereunder, both as of the date hereof and as of the Closing. The obligation of the Underwriters to purchase the Notes at the Closing is and shall be subject to the following further conditions, any of which may be waived by the Representative in writing:

(A) The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing and otherwise pursuant hereto shall be true, complete and correct in all material respects at and as of the Closing; and the District and the County shall be in compliance with each of the respective agreements made by them in this Note Purchase Agreement;

(B) At and as of the Closing (i) the Official Statement, this Note Purchase Agreement, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative; (ii) all actions under the Act which, in the opinion of Hawkins Delafield & Wood LLP ("*Bond Counsel*"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and

shall be in full force and effect; (iii) the District and the County shall have adopted, and there shall be in full force and effect such additional resolutions, agreements, opinions and certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the tax-exempt character of the interest on the Notes), which resolutions, agreements, opinions and certificates shall be satisfactory in form and substance to Bond Counsel to the District and to the Representative, and there shall have been taken in connection therewith and in connection with the execution and delivery of the Notes all such actions as shall, in the reasonable opinion of each, be necessary in connection with the transactions contemplated hereby; (iv) all actions under the Resolutions which, in the opinion of Bond Counsel to the District, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (v) the Notes shall have been duly authorized, executed and delivered; and (vi) the District and the County shall perform or have performed all of their respective obligations required under or specified in this Note Purchase Agreement or the Resolutions to be performed at or prior to the Closing;

(C) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government authority or public body, pending or threatened against the District which has any of the effects described in paragraph (f) of Section 6 hereof or contesting in any way the completeness or accuracy of the Official Statement;

(D) No order, decree or injunction of any court of competent jurisdiction, or any order, ruling or regulation of the Securities and Exchange Commission, has been issued or made with the purpose or effect of prohibiting the issuance, offering, or sale of the Notes as contemplated hereby and no legislation has been enacted, or a bill favorably reported for adoption, or a decision by a court established under Article III of the Constitution of the United States rendered or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Notes or any other securities of the District or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect; and

(E) At or prior to the Closing, the Underwriters shall have received the following documents, satisfactory in form and substance to the Representative:

(i) An approving opinion of Bond Counsel as to the Notes, addressed to the County, the District, together with a letter from Bond Counsel addressed to the Representative stating that the Underwriters may rely on such approving opinion as if it were addressed to such Underwriters;

(ii) A supplemental opinion of Bond Counsel, addressed to the Underwriters, to the effect that:

(1) This Note Purchase Agreement has been duly authorized, executed and delivered by the County and the District and, assuming due authorization, execution and delivery by the Underwriters, constitutes the valid and binding agreement of the County and the District, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California and except that no opinion is expressed with respect to any indemnification or contribution provisions contained therein, and

(2) The statements contained in the Official Statement under the captions "Security and Sources of Payment for the Series A Notes," "The Series A Notes," and "Tax Matters," insofar as such statements purport to expressly summarize certain provisions of the Resolutions, the Notes and the exclusion from gross income for Federal income tax purposes and exemption from present State of California personal income taxes, present a fair and accurate summary of such matters;

(iii) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Note Purchase Agreement, the Official Statement and the Disclosure Certificate; (ii) the representations, warranties and agreements of the District herein are true, complete and correct in all material respects as of the date made and as of the Closing; (iii) the District has performed all its obligations required under or specified in the District Resolution and this Note Purchase Agreement to be performed at or prior to the Closing; (iv) to the best of such official's knowledge, no litigation is pending (with service of process having been accomplished) or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes, the Disclosure Certificate or this Note Purchase Agreement, or (C) in any way contesting the existence or powers of the District (but in lieu of or in conjunction with such certification the Underwriters may, in their sole discretion, accept from Bond Counsel their opinion to the effect that the issues raised in any such pending or threatened litigation are without substance and that the contentions of all plaintiffs therein are without merit); (v) the Official Statement and the Notes have been duly executed and delivered; (vi) the execution and delivery of the Notes and the approval of the Official Statement and compliance with the provisions on the District's part contained herein and therein will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution,

agreement or other instrument, except as set forth in the District Resolution and the County Resolution; (vii) such official has reviewed the Official Statement and on such basis certifies that it does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; each of the conditions listed in Section 11 of this Note Purchase Agreement required to be satisfied by the District has been satisfied on the date hereof and the District is not aware of any other condition of this Note Purchase Agreement that has not been satisfied on the date hereof; and (viii) the Notes being delivered on the date of the Closing to the Underwriters under this Note Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions and this Note Purchase Agreement;

(iv) A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute and to approve this Note Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Note Purchase Agreement to be complied with by the County prior to or concurrently with the Closing, (iv) to the best of such official's knowledge, no litigation is pending in which service of process has been completed against the County or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes or this Note Purchase Agreement, or (C) in any way contesting the existence or powers of the County, (v) such official has reviewed Appendix G — "The Los Angeles County Treasury Pool" to the Official Statement and on such basis certifies that Appendix G — "The Los Angeles County Treasury Pool" does not contain any untrue statements of a material fact or omit to state a material fact concerning the County required to be stated therein or necessary to make the statements concerning the County therein, in light of the circumstances in which they were made, not misleading, (vi) each of the conditions listed in Section 11 of this Note Purchase Agreement required to be satisfied by the County has been satisfied on the date thereof and the County is not aware of any other condition of this Note Purchase Agreement that has not been satisfied on the date thereof, and (vii) the Notes being delivered on the date of the Closing to the Underwriters under this Note Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Note Purchase Agreement;

(v) Evidence satisfactory to the Representative that at and as of the Closing, the Notes have the same ratings from Moody's Investors Service and Standard and Poor's Rating Services, a Division of McGraw-Hill Companies, Inc. as were set forth in the Official Statement for the Notes;

(vi) A certificate, together with a fully executed copy of the District Resolution, of the Executive Officer of the Board of Education to the effect that:

(1) Such copy is a true and correct copy of such District Resolution; and

(2) The District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(vii) A certificate of the appropriate official of the District evidencing the District's determination respecting the Preliminary Official Statement in accordance with Rule 15c2-12;

(viii) An original adopted County Resolution or a fully executed copy of the County Resolution, certified by the Executive Officer-Clerk of the Board of Supervisors of the County;

(ix) A tax certificate from the District in form and substance satisfactory to Bond Counsel and the Representative, signed by an official of the District;

(x) The Disclosure Certificate substantially in the form attached to the Official Statement, duly executed by the District;

(xi) An opinion of the counsel to the District, dated the date of Closing and addressed to the District, the County and the Representative, in form and substance satisfactory to the Representative, to the effect that such counsel has reviewed the Official Statement and such other documents and instruments as such counsel deemed appropriate in connection with the delivery of such counsel's opinion and that:

(1) the District is a public school district organized and validly existing under the Constitution and the laws of the State;

(2) the District Resolution approving and authorizing the execution and delivery of the Note Purchase Agreement and the issuance of the Notes was duly adopted at a meeting of the governing body of the District that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(3) the District has the full right and lawful authority to enter into and perform its duties and obligations under this Note Purchase Agreement, the Disclosure Certificate and the District Resolution and to authorize the execution of the Notes;

(4) to the best knowledge of such counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by

any court, governmental agency, public board or body, pending with service of process completed on the District or threatened against the District (a) affecting the existence of the District or the titles of its officers to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution of the Note Purchase Agreement; (c) in any way contesting or affecting the validity or enforceability of the Notes, the Note Purchase Agreement or the District Resolution; or (d) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under any of the foregoing, including, but not limited to, the consummation of the transactions contemplated in the Official Statement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto; and

(5) the execution and delivery of the Notes and the approval of the Official Statement and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject;

(6) counsel to the District is not representing the District in connection with any litigation of any nature to restrain or enjoin the execution or delivery of this Note Purchase Agreement, the Notes or any of the proceedings taken with respect to the issuance of the Notes, the application of monies to the payment of the Notes or in any manner questioning the proceedings and authority under which the Notes were authorized or challenging the validity of the Notes, the existence or boundaries of the District or the title of the officials of the District who have acted with respect to the proceedings for the issuance of the Notes on behalf of the District to their respective offices; and

(7) the Official Statement has been duly approved by the District.

(xii) An opinion of the counsel to the County, dated the date of Closing and addressed to the Representative, in form and substance satisfactory to the Representative, to the effect that:

(1) the County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State;

(2) the County Resolution approving and authorizing the execution and delivery of the Note Purchase Agreement and the issuance of the Notes was duly adopted at a meeting of the governing body of the

County that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption; and said County Resolution have not been modified, amended, rescinded or revoked and are in full force and effect on the date hereof;

(3) to the best knowledge of such counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed on the County, or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for the issuance and sale of the Notes to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution of the Note Purchase Agreement or the issuance of the Notes or in any way contesting or affecting the validity or enforceability of the Notes, the Note Purchase Agreement or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Note Purchase Agreement with respect to the issuance and sale of the Notes; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for the Notes;

(4) the Note Purchase Agreement has been duly authorized, executed and delivered by the County and the Notes have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Note Purchase Agreement will constitute a legal, valid and binding agreement of the County enforceable against the County in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles, and by limitations on remedies imposed in actions against public entities in the State;

(xiii) An opinion of Disclosure Counsel, dated the date of closing and addressed to the District and the Underwriters, to the effect that without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and based upon the information made available to them in the course of their participation in the preparation of the Official Statement as Disclosure Counsel, no fact has come to their attention which would cause them to believe that the Official Statement (excluding therefrom the information relating to DTC and the book-entry system, and the financial statements and the statistical data included in the Official Statement, and the appendices thereto, as to which no opinion need be expressed), as of the date thereof and the Closing Date, contained any untrue statement of a material fact or

omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(xiv) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative or Bond Counsel may reasonably request to evidence compliance by the County, the District and the Paying Agent with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the District and the County herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the District and the County at or prior to such time of all agreements then to be performed and conditions then to be satisfied by the District and the County.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Note Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Note Purchase Agreement, this Note Purchase Agreement may be canceled by the Representative at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or electronic communication, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative.

Section 12. Termination of Obligations of Underwriters. If the District or the County shall be unable to satisfy the conditions to the obligations of the Underwriters set forth in Section 11, this Note Purchase Agreement may be terminated by the Underwriters by notice to the District and the County at, or at any time prior to, the Closing. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing in its sole discretion.

The Underwriters shall also have the right to terminate, in their sole discretion, after consultation with the District and the County, their obligations under this Note Purchase Agreement, by notice to the District and the County at, or any time prior to, the Closing, if between the date hereof and the Closing: (i) legislation is enacted by the Congress of the United States, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made (A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Notes in the hands of the holders thereof; or (B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Notes, or obligations of the general character of the Notes, including any and all underlying arrangements, are not exempt from registration

under the Securities Act of 1933, as amended; (ii) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States; (iii) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or a material disruption in commercial banking or securities settlement or clearance services shall have occurred; (iv) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Notes, or obligations of the general character of the Notes, or securities generally, or the material increase of any such restrictions now in force, including without limitation restrictions with respect to the extension of credit by or the net capital requirements of underwriters or broker-dealers; (v) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Notes, or the issuance, offering or sale of the Notes, as contemplated hereby or by the Official Statement, is or would be in violation of the Federal securities laws, as amended and then in effect; (vi) the withdrawal or downgrading of any rating of the Notes by a national rating agency; or (vii) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the District shall have the right to amend or supplement the Official Statement as provided herein.

Section 13. Conditions to Obligations of the District. The performance by the County and the District of their obligations under this Note Purchase Agreement with respect to issuance, sale and delivery of the Notes to the Underwriters is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the District, the County and the Representative of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the District.

Section 14. Expenses. (A) Unless the obligations of the Underwriters under this Note Purchase Agreement are terminated by the Representative at or prior to the Closing for any reason permitted by this Note Purchase Agreement, the Underwriters shall pay all of their own expenses (including that of their own counsel and any legal fees relating to qualification of the Notes under any state Blue Sky laws) incident to the purchase and resale of the Notes and shall further pay the following expenses: (i) DTC costs and fees; (ii) the fees payable to the California Debt and Investment Advisory Commission; (iii) Dalnet/Dalcomp fees; (iv) CUSIP Bureau charges; and (v) certain expenses of the District relating to investor meetings paid on behalf of

the District. Such expenses shall be paid by the Underwriter and shall not be reimbursed by the District.

(B) If the obligations of the Underwriters under this Note Purchase Agreement are terminated by the Representative at or prior to the Closing for any reason permitted by this Note Purchase Agreement, the District shall pay all the District expenses, including those assumed by the Underwriters under paragraph (A) of this Section.

(C) The District shall pay all legal expenses of the Underwriters incurred by reason of any litigation between the Underwriters and the District regarding this Note Purchase Agreement in which there is an adverse legal determination against the District and the Underwriters shall pay all legal expenses of the District incurred by reason of any litigation between the Underwriters and the District in which there is an adverse legal determination against the Underwriters.

Section 15. Notices. Any notice or other communication to be given under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the County, to Treasurer and Tax Collector of Los Angeles County at 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012; if to the District, to Chief Financial Officer, Los Angeles Unified School District at 333 South Beaudry Avenue, 26th Floor, Los Angeles, CA 90071; and if to the Underwriters, to: _____, or at such other address as shall be designated by the County, District, or Representative, as applicable, in a written notice to each of the other parties.

Section 16. Severability. In the event any provision of this Note Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. Parties in Interest; Survival of Representations and Warranties. This Note Purchase Agreement when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriters (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations and warranties of the County and the District in this Note Purchase Agreement shall remain operative and in full force and effect regardless of: (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of any payment by the Underwriters for the Notes hereunder and (c) any termination of this Note Purchase Agreement.

Section 18. Entire Agreement. This Note Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

Section 19. Business Day. For purposes of this Note Purchase Agreement, "Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which the County or the Fiscal Agent is required by law to close, or (c) a day on which banks located in Los Angeles, California are required by law to close.

Section 20. Section Headings. Section headings have been inserted in this Note Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Note Purchase Agreement.

Section 21. Effectiveness. This Note Purchase Agreement shall become effective upon the execution hereof by the District, the County and the Representative and shall be valid and enforceable from and after the time of such execution.

Section 22. Execution in Counterparts. This Note Purchase Agreement may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Section 23. Applicable Law. This Note Purchase Agreement shall be interpreted under, governed by and enforced in accordance with, the laws of the State.

Very truly yours,

[REPRESENTATIVE], as Representative of
the Underwriters

By: _____

Name: _____

Title: _____

The foregoing is hereby agreed to and accepted
as of the date first above written:

COUNTY OF LOS ANGELES

By: _____

Mark J. Saladino
Treasurer and Tax Collector

Approved as to form:

ANDREA SHERIDAN ORDIN
COUNTY COUNSEL

By: _____

Principal Deputy County Counsel

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: _____

Megan K. Reilly
Chief Financial Officer

EXHIBIT A

PARTICIPATING UNDERWRITERS